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THE Farm Cost SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

FCS-9 OCTOBER 1950

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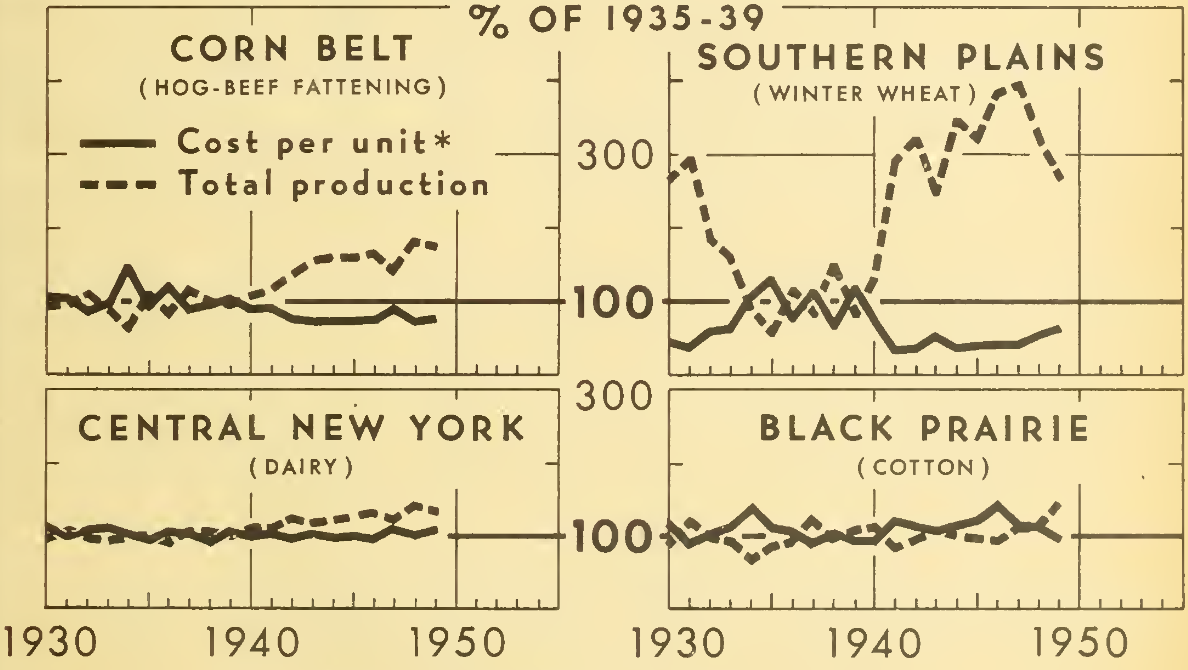
COSTS OF PRODUCTION ON FAMILY FARMS



*PER UNIT OF PRODUCTION. EXCLUDING PRICE CHANGE

U. S. DEPARTMENT OF AGRICULTURE NEG. 47225-XX BUREAU OF AGRICULTURAL ECONOMICS

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Goods and services used in production: Prices paid by farmers and farm wage rates, United States

(Index numbers 1935-39 = 100)

Year	All commodities 1/	Feed	Livestock	Motor supplies	Motor vehicles	Farm machinery	Farm supplies	Building and fencing materials	Fertilizer	Seed	Wage rates 2/
1910	78	93	74	---	---	65	69	69	96	78	79
1911	79	94	69	---	---	65	71	71	96	90	81
1912	82	98	77	---	---	65	71	71	98	98	83
1913	81	92	90	---	---	65	73	70	99	81	86
1914	82	97	93	---	---	65	73	64	100	75	83
1915	84	96	92	---	---	67	78	70	106	75	83
1916	93	104	100	---	---	71	86	81	121	104	93
1917	126	167	128	---	---	80	115	94	133	138	117
1918	145	178	146	---	---	101	149	111	169	149	146
1919	157	198	148	---	---	105	157	130	178	170	170
1920	157	198	130	---	---	108	156	141	177	202	199
1921	103	100	71	---	---	105	135	108	149	104	129
1922	102	108	87	---	---	93	116	110	125	100	127
1923	111	129	90	---	---	97	120	110	131	105	142
1924	113	132	94	125	88	101	125	111	124	107	150
1925	117	136	100	133	89	101	124	113	136	122	150
1926	114	116	106	138	87	101	125	112	135	142	151
1927	114	122	119	123	89	101	122	110	118	125	152
1928	119	132	146	120	90	101	123	109	128	111	152
1929	118	130	143	119	92	100	122	110	127	113	154
1930	109	116	106	113	89	99	120	107	124	110	146
1931	91	82	74	96	89	98	111	95	112	88	115
1932	80	61	61	95	88	93	98	87	98	57	86
1933	80	70	56	93	87	90	91	90	91	61	73
1934	92	98	56	99	92	94	96	101	103	88	82
1935	98	101	94	99	93	97	96	99	102	105	88
1936	99	104	90	100	97	98	97	98	97	93	94
1937	107	118	102	102	101	100	102	102	101	130	107
1938	98	89	101	101	107	103	104	101	100	94	107
1939	98	88	113	98	102	102	101	100	100	78	105
1940	99	95	115	96	101	100	104	101	96	86	107
1941	105	103	130	99	107	101	111	108	96	82	125
1942	119	126	152	106	116	107	123	118	107	111	163
1943	132	149	173	109	121	111	137	123	114	139	217
1944	140	165	163	111	131	114	144	131	116	158	263
1945	142	164	178	111	135	115	146	134	118	162	297
1946	154	190	202	113	139	119	147	146	119	167	320
1947	181	225	252	124	161	135	159	191	131	192	346
1948	202	238	312	138	181	157	169	212	143	223	365
1949	192	196	277	140	199	176	176	210	147	202	354
Jan.	195	210	282	---	---	---	---	---	---	---	364
Feb.	192	201	270	---	---	---	---	---	---	210	---
Mar.	195	201	299	141	199	173	174	215	---	206	---
Apr.	195	200	297	---	---	---	---	---	148	197	355
May	195	198	298	---	---	---	---	---	---	197	---
June	193	192	290	141	200	178	176	210	---	---	---
July	190	194	260	---	---	---	---	---	---	---	355
Aug.	189	195	256	---	---	---	---	---	---	---	---
Sept.	189	192	264	140	199	179	176	204	146	197	---
Oct.	190	190	273	---	---	---	---	---	---	---	342
Nov.	189	188	270	---	---	---	---	---	---	---	---
Dec.	190	191	269	140	199	178	176	203	---	---	---
1950											
Jan.	191	191	283	---	199	---	---	---	---	---	355
Feb.	191	190	294	---	---	---	---	---	---	197	---
Mar.	193	191	306	140	198	178	175	206	---	194	---
Apr.	194	194	310	---	---	---	---	---	141	194	353
May	198	204	326	---	---	---	---	---	---	194	---
June	199	202	331	141	---	179	176	211	---	---	---
July	201	206	331	---	198	---	---	---	---	---	355
Aug.	201	207	327	---	---	---	---	---	---	---	---
Sept.	202	203	340						141	189	---

1/ Excluding wages.
2/ Simple average of quarterly indexes seasonally adjusted.

Note: For a list of items included in this table see "Agricultural Prices", Bureau of Agricultural Economics, January 31, 1950.

THE FARM COST SITUATION

Approved by Outlook and Situation Board, October 26, 1950

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GENERAL SITUATION

Total farm production expenditures will reach a record high in 1951, probably between 5 and 10 percent higher than in any other year. Expenditures in 1950 probably will equal the previous record high in 1948. They will be higher in 1951 because of higher cost rates and because farmers will tend to push for higher production to take advantage of higher prices.

Substantial increases are expected in 1951 for most major items of expenditure. Average prices paid for fertilizer in both the spring and fall seasons this year averaged lower than in the same seasons last year when they were the highest since World War I. They probably will average higher in 1951 than in 1950, but the increase is not expected to be as great as for some other production items.

Replacement costs of machinery, equipment, and buildings will be higher in 1951 than the average for 1950. Taxes and interest charges, costs of purchased feed and livestock, motor vehicle operation, hired labor, and many miscellaneous items also will be up. Despite these increased costs most farm operators are likely to have a favorable price-cost ratio in 1951.

Since 1947 cost rates have increased faster than prices of farm products. In 1947 the ratio of prices received to prices paid (including interest, taxes and wages) averaged about 115. By 1950 it had declined to about 100. It is expected to be above 100 in 1951 because prices of farm products are expected to strengthen as industrial activity and employment increase.

With some exceptions, particularly some kinds of insecticides and fungicides, and special supplies, production supplies are expected to be ample in 1951 to meet farmers needs. A few temporary seasonal and local shortages of some items may occur. It will pay farmers to plan early for 1951 and place orders early for materials and equipment needed.

During recent years of increasing cost rates, and smaller supplies of manpower and brisk demand for materials, farmers have improved production efficiency in order to keep unit costs at reasonable levels. In many instances, labor, power, and machinery requirements have been cut. Production per worker in agriculture is now about 40 percent higher than it was a little more than a decade ago.

Farm wage rates in 1949 averaged lower than in 1948. This was the first decline in wage rates since 1939. Farm wage rates for the country as a whole remained fairly stable during the first part of 1950. However, with the total labor market tightening, farm wage rates are expected to advance substantially as non-agricultural employment and wage rates rise. Demands for workers in industry will be greater next year and induction of man for military purposes will take prospective workers from agriculture and industry. In addition, demands for workers in agriculture will be greater next year. All these factors will tend to increase wage rates in 1951. Except for a few temporary local and seasonal spots, ample labor is expected to be available for farming needs in 1951.

Prices of farm machinery in 1951 are expected to reach a record high. Motor fuel, oil, tires, repairs and many other items connected with costs of operating machinery will average the highest in years.

Since July of 1950 the prospect of larger farm incomes has tended to increase the demand for farm machinery partly because of the prospect of higher machinery prices and the possibility of shortages. Current production of farm machinery has not kept pace with this demand because of material shortages and labor difficulties. Total output of machinery in 1950 is expected to be below the high production in 1948 and 1949. Plant capacity of the farm machinery industry is now greater than ever before, but some capacity will be used in 1951 in connection with the rearmament program, particularly later in 1951.

Dealers' stocks of machinery on January 1, 1950 were the largest since 1941. Production in 1951 probably will be at a high level unless raw material shortages develop. Adequate farm machinery is expected to be available to maintain farm production in 1951.

The general level of livestock and livestock product prices is now higher than a year ago. Returns per $1.00 of feed costs in 1950 were higher than a year ago for beef cattle and sheep, but lower for all other classes of livestock. However, returns were high compared with prewar for beef cattle, sheep and hogs but low for eggs and butterfat.

The supply of feed grains and other concentrates for the 1950-51 season totals about 180 million tons; a little less than the record supply of a year ago. The number of grain-consuming animal units is expected to be about 170 million; up a little from the previous year. The 1950-51 supply of concentrates per animal unit, therefore, will be about 4 percent lower than a year ago, but about 25 percent higher than the 1935-39 average.

Average feed costs are not expected to change much during the next six months, and it will still pay to feed meat animals enough protein to balance the ration. Quicker gains, better finished animals, and less grain per pound of gain usually result from reasonably well-balanced rations.

The cost of field seeds is expected to be somewhat lower this fall and next spring than during the past season. Total supplies are now considerably larger than a year earlier. The 1950 production of sweet clover seed, for example, is expected to be the largest in 11 years. Production of timothy was 60 percent higher than a year ago, and aggregate production of all cover crop seeds was 2½ times as large as last year.

Seed costs are becoming more important to farmers. Most seeds are now purchased whereas 10 or 15 years ago many seeds were home grown.

The average price of fertilizer will be higher next season than it was during the past season, but prices of farm products also are expected to be higher. It will still pay farmers to use more fertilizer than they have in the past. Farmers are now using about three times as much fertilizer as they did in 1935-39, and demand is likely to increase considerably for the 1951 crop.

Present fertilizer plant capacity is sufficient to produce slightly more plant nutrients in fertilizer than were applied during the past season. Plant capacity for nitrogen is sufficient to furnish 15 percent more than was available for use as fertilizer last year and also to take care of presently estimated non-agricultural demands. Approximately one million tons were available for fertilizer use last year. Plant capacity for phosphoric acid is sufficient to produce about 2.8 million tons; a little more than 2 million tons were available for use last year. Capacity for potash production is about 1.2 million tons. This is only about 100 thousand tons greater than was used as fertilizer last year. It is expected, however, that considerable tonnage might or could be imported.

Prices of building materials, supplies and containers have increased during 1950, and are expected to average slightly higher in 1951. Production, plant capacity and shipments of most of these items have continued to increase. Lumber production in 1950 probably will average about 10 percent higher than in 1949 and 3 percent higher than in 1948. Production in 1951 is expected to continue at about the 1950 rate unless military needs for men cause a shortage of manpower in the lumbering industry.

Rated capacity of the steel industry is about 4 percent higher than in 1949. Wire products are expected to be adequate for needs in 1951, but the supply of galvanized sheets will continue to be short. Production capacity in the cement industry has been increased. Supplies of cement are expected to be adequate in 1951 to meet needs, but the price will be high.

Supplies of wooden containers are expected to be adequate in 1951, but supplies of burlap bags, and cellophane bags may be short. Supplies of paper bags and other paper containers are expected to be adequate to meet agricultural needs and farmers may have to substitute these for burlap and cellophane bags.

Some increase is expected in prices of insecticides, fungicides, and weed killers during the 1951 season. Supplies of raw materials are low, particularly benzene and chlorine used in making DDT, benzene hexachloride, methoxychlor, various forms of 2,4-D, and certain fumigants. They probably will continue to be in short supply throughout the 1951 season. Supplies of pyrethrins also may be scarce.

Insecticides containing rotenone, Ryania and nicotine are expected to be available in adequate amounts. Sufficient fungicides probably will be available to meet essential needs.

Land values began to rise moderately early in 1950 probably because prospects for higher farm incomes were better than many buyers and sellers had expected. They continued to rise as the Nation's economic activity was stepped up and as farm product prices began to rise generally. By March 1951 land values probably will be as much as 10 percent higher than a year earlier.

Farm real estate dealers reported that for the year ending March 1950 about 40 percent of the farm purchasers paid cash, or at least no mortgage was recorded. When purchase financing involved a mortgage, down payments averaged between 45 and 50 percent of the purchase price.

Net rentals from farm land during the coming year are expected to continue favorable compared with alternative opportunities for investment. Capital gains taxes, however, will discourage land sales by persons intending to reinvest their funds.

There probably will be little or no increase during the coming year in interest rates paid on farm mortgages. Total interest charges on farm debt, however, will increase because of a larger debt load. Interest charges on farm mortgage-debt are expected to be about 7 percent higher in 1950 than they were in 1949. Interest charges on non-real-estate loans were about 80 percent higher in mid-1950 than in 1945.

Taxes levied by State and local governments against farm property reached an all time high in 1949, and a further increase is expected. Taxes per acre for the country as a whole are now almost 3 times what they were prior to World War I. They averaged 61 cents per acre in 1949 compared with

36 cents in 1943 when they were the lowest in many years. Tax rates on personal incomes also are higher now than a year ago.

Farmers' insurance premiums for fire and windstorm insurance probably will be greater in 1950 and 1951 than in 1949, not because of any appreciable increase in rates, but because farmers have tended to increase their insurance to cover their property values more adequately. Premiums paid by farmers in 1950 for hail insurance on growing crops amounted to about 10 percent less than in 1949, due chiefly to smaller amounts of insurance being carried. More farmers buy crop-hail insurance and they buy more of it in years when prices of farm products are high and prospects are good for high returns than when prospects for prices and returns are not good.

Farm Labor

Farm wage rates in 1949 averaged lower than in 1948. This was the first drop in wage rates since 1939 and followed the big increase during the war and postwar years (table 1). Wage rates in 1950 are averaging about the same as in 1949, but are expected to average higher in 1951.

Several factors in prospect will tend to increase farm wage rates in 1951. The demand for workers in industry will be greater next year, and inductions of men for military purposes will take prospective workers from agriculture and industry. The need for farm workers to meet several labor peaks will be greater next year. For example, cotton production is likely to be stepped up considerably. This will increase the need for workers particularly during the spring chopping season and the late summer and fall harvesting season. Acreage and production of several other crops and numbers of some kinds of livestock probably will be greater in 1951.

As indicated in table 1, there are about 10 percent fewer workers on farms this year than in prewar years. Acres of many crops are down this year and with the plentiful supply of machinery on hand farmers generally are getting the work done in good season.

The supply of farm workers is expected to be tighter next year than in 1950. Many actual or potential farm workers will obtain jobs in industry. In addition, occupational deferments for men in the age group 19-25 years, inclusive, from induction into the armed forces are likely to be held to a minimum. Fewer available workers means that farmers will need to pay higher wages, particularly for experienced help.

Table 1.- Farm wage rates and related data, United States, 1935-39 average and 1940-50

(Index numbers 1935-39 = 100)

Period or year	Farm employment			Gross farm production 2/		Farm wage rates 4/	Ratio of farm wage rates to	
	Total 1/	Family 1/	Hired	Total	Per worker 3/		Production per worker	Gross farm income per worker 5/
1935-39	100	100	100	100	100	100	100	100
1940	100	99	103	108	108	107	99	101
1941	98	97	101	111	113	125	111	92
1942	98	97	101	123	126	163	129	90
1943	97	97	96	120	124	217	175	95
1944	95	97	88	124	131	263	201	108
1945	93	96	83	123	132	297	225	113
1946	95	98	85	126	133	320	241	108
1947	96	98	88	121	126	346	275	100
1948	95	96	91	131	138	365	264	103
1949 6/	92	93	89	129	140	354	253	106
1950 6/	90	91	85	125	139	354	255	104

1/ Includes farm operators and members of their families working without wages.
2/ Includes value of farm-produced power of horses and mules.
3/ Based on total farm employment and total gross production.
4/ Simple average of quarterly indexes seasonally adjusted.
5/ Because of the increase in volume of production and the increase in the price of farm products, the gross farm income per worker has increased at about the same rate as have farm wage rates from the prewar years of 1935-39 to 1950.
6/ Preliminary.

Beginning January 1, 1951, some hired farm workers (essentially regular farm workers) will be covered by the Federal Social Security program. A farmer hiring workers covered under the new amendments to the Social Security Act will deduct $1\frac{1}{2}$ percent from the cash wages he pays these workers, and will add another $1\frac{1}{2}$ percent as his own contribution. This new coverage will mean a slight increase in hired labor costs for farmers employing workers who qualify. But since only a small part of the total number of hired farm workers will be covered, it will have little effect on average wage costs. 1/

The extent to which higher farm wage rates will affect labor costs per unit of output in 1951 will depend in part on what happens to the average production per worker. Gains in labor productivity can offset corresponding increases in wage rates. Production per worker has increased significantly during the last 15 years. This is due in a large part to the substitution of machinery for hand labor and the adoption of other technological improvements by farmers. During the last three years labor productivity has averaged nearly 40 percent higher than in the prewar period, 1935-39.

Farm Power and Machinery

Farm power and machinery costs in 1951 are expected to be even higher than the record high of 1950. Retail prices of machinery are expected to be higher than in any previous year. Retail prices of gasoline will be the highest in years, and prices of tires in 1951 will be higher than the 1950 prices. The cost per head of keeping workstock will rise mostly because of higher feed prices, but probably will be below the record high costs of 1948 and 1947.

Prices of farm machinery in the first half of 1950 were about the same as the peak prices of 1949, but in the last half of 1950 there were moderate increases. Consequently, they will average slightly higher this year than last.

Reduced farm incomes during the first half of 1950 along with the relatively high machinery prices were contributing factors toward lower purchases of machinery than for the same period in 1948 and 1949. For the most part shortages arising out of the war and early postwar period had been met. Demand for farm machinery has increased since last July partly because of expected higher prices of farm products, larger farm incomes, and perhaps some forward buying. Current production of machinery has not kept pace with this demand because of material shortages and labor difficulties. Even with increased production since July, total machinery output in 1950 is expected to be somewhat below the high production of 1948 and 1949.

Demand for farm machinery probably will continue at a high level because of prospectively higher farm incomes. Prices of farm machinery will be higher

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1/ For more information regarding the new Social Security coverage of farm workers see "The Agricultural Situation", Bureau of Agricultural Economics, U.S. Department of Agriculture, October 1950 or contact your Social Security Office, Post Office, or County Agricultural Agent.

as manufacturers are faced with higher costs of materials and labor. Output also may be restricted, particularly in the latter half of the year, by material shortages resulting from the rearmament program. Production in 1951 probably will be at levels sufficiently high to maintain farm production at expected levels, but shortages of some of the newer machines might be experienced.

Most items of farm machinery were in adequate supply in the first half of 1950, and dealers' stocks on January 1, 1950 were larger than for any year since 1941. Since July, production of some kinds of machinery has not kept pace with the higher demand, and it is expected that dealers' stocks on January 1, 1951 will be lower than the large stocks on January 1, 1950. Plant capacity of the farm machinery industry is now greater than ever before, but some of this capacity may be used for the rearmament program in 1951.

Exports of farm machinery in the first half of 1950 were about a fifth below the high exports in the same period in 1948 and 1949. The decline largely reflects expansion of production in foreign countries and dollar shortages in importing countries. There are also some indications that the backlog of orders has about been filled in many countries.

Purchases of machinery by farmers in this country have been relatively large each year for the past decade except for 1943 when manufacture was reduced drastically by Government limitations during the war. At the beginning of 1950 tractors on farms exclusive of garden types were estimated at 3,550,000. This figure compares with 1,545,000 for January 1, 1940. Garden tractors on farms January 1, 1950 were estimated at 275,000. There were only a few garden tractors on farms a decade earlier.

The total volume of machinery and equipment other than tractors and motor vehicles on farms January 1, 1950 was more than double that of 1940 (table 2). Horse and mule numbers on farms January 1, 1950, however, were only about half of the 1940 number and about one-third of the 1920 number. Percentage declines in numbers of work animals in recent years have been the heaviest on record. One-fourth as many colts were raised in 1949 as in 1940 and only about one-tenth as many as in 1920. Prices of horses and mules are now the lowest in years and further heavy reductions in horse and mule numbers and in size of the colt crop appear likely.

Numbers of automobiles and motortrucks on farms are now at peak levels. There were about 5,800,000 automobiles on farms January 1, 1950. This is about 40 percent more than there were 10 years earlier. Numbers of motortrucks on farms January 1, 1950 were estimated at 2,200,000; more than double the number in 1940.

Automobile production in 1950 will be the largest on record, and farmers have been large purchasers. Supplies of small size motortrucks are adequate in most parts of the country. It seems certain, therefore, that numbers of farm automobiles and motortrucks on farms January 1, 1951 will show a further large increase.

Table 2.- Horses and mules and tractors on farms and cost of keeping horses and mules and of using farm tractors, United States, 1940-49 1/

(Index numbers 1935-39 = 100)

Calendar year or period	Tractors on farms, number January 1	Horses and mules on farms, number all ages January 1	Colts under 1 year on farms, number January 1	Horses and mules all ages, value per head January 1	Feed cost per head 2/	Prices paid by farmers for:		
						New tractors 3/	Gasoline	Tires 6.00 x 16
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
1940	124	92	101	90	94	96	95	92
1941	135	90	98	81	104	101	99	95
1942	152	87	85	78	132	102	103	117
1943	169	84	69	95	174	99	103	130
1944	178	80	62	98	196	111	103	136
1945	195	76	54	86	192	113	103	131
1946	208	70	41	80	221	126	106	133
1947	225	64	35	84	283	142	118	127
1948	253	58	31	79	297	158	131	128
1949	281	52	27	72	230	174	134	124
1950	4/ 307	47	22	63	5/ 235	6/ 173	7/ 134	7/ 125

1/ The 1935-39 averages were: horses and mules all ages, 15,750,000 head; value per head, $97.68; feed cost per head, $39.34; colts under one year of age 744,000 head; tractors, 1,244,000; prices paid by farmers for new tractors, $1,106; gasoline $0.19; and tires, $12.70.

2/ Based on 25 bushels each of oats and corn and 2 tons of loose hay.

3/ Tractor prices are for medium size (20-29 BHP) wheel tractor equipped with rubber tires.

4/ Preliminary estimates.

5/ Average of the first 8 months.

6/ Average prices paid in March.

7/ Average prices paid in March and June.

Motor fuels have become one of the most important requirements in farm production. Farmers now use more petroleum fuels than ever before. Along with the increase in power machinery, there have been large increases in use of petroleum fuels in the farm household and for miscellaneous farm uses such as brooding chickens, dehydrating crops, etc. Total consumption of liquid petroleum fuels in 1951, including the LP-gases, likely will be about 10 billion gallons. This is about 10 times the consumption in 1920 and more than double that in 1940. At present almost 80 percent of the used fuel is by motors and probably 70 percent of this is gasoline.

Feed

The supply of feed grains and other concentrates for the 1950-51 season totals about 180 million tons, a little less than the record supply of a year ago. The carryover of old grain is a little larger and production of feed grains a little less. The total supply of high protein feeds will be about the same as a year ago. A sharp decrease in cottonseed meal has been offset by a record supply of soybean meal. The supply of mill feeds and other by-products feeds will be about the same as last year. It also seems probable that considerable quantities of low grade Canadian wheat may become available for feed.

The number of grain-consuming animal units in 1950-51 is expected to be about 170 million, a little higher than last year. The supply of feed concentrates available for feed is 49 percent above the 1935-39 average whereas the index of grain-consuming animal units is 19 percent above the base period. Thus, the index of supply of feed concentrate per animal unit is 4 percent less than last year, but 25 percent above the 1935-39 average (table 3).

The supply of hay per animal unit is the greatest on record and the total supply (122 million tons) is next to the largest.

Prices of livestock and livestock products averaged higher this September than a year ago. This was largely due to an increase in the price of beef cattle, hogs and sheep. Prices of eggs, butterfat and milk were below those of a year ago.

Returns per $1.00 of feed costs were higher in September than a year ago for beef cattle and sheep, but lower for all other classes of livestock (table 4). However, returns were relatively high for beef cattle, sheep and hogs, and low for eggs and butterfat. Returns from chickens in relation to feed costs are below prewar, but the great expansion of the commercial broiler industry in recent years indicates that chicken meat is now produced more profitably than before the war.

Average feed costs for the next six months are not expected to change much from the present level which is somewhat higher than a year ago. Corn may decline seasonally in the next month or two and then rise toward support

Table 3.- Relation of supply of concentrates available for feed to number of livestock 1930-50

(Index numbers 1935-36 to 1939-40 = 100)

Feeding year	Supply of feed concentrates available for feed 1/	Animal units of grain consuming livestock fed in year 2/	Supply of feed per animal unit 3/
	Percent	Percent	Percent
1930-31 to 1934-35	97	105	92
1935-36 to 1939-40	100	100	100
1940-41	120	109	110
1941-42	128	117	109
1942-43	148	134	110
1943-44	141	135	104
1944-45	132	121	109
1945-46	131	117	112
1946-47	130	113	115
1947-48	112	109	103
1948-49	141	113	125
1949-50	153	118	130
1950-51 4/	149	119	125

1/ Supply of concentrates year beginning October less quantity used for industry, food, seed, and exports.

2/ Animal units fed in year beginning October.

3/ Column 1 divided by column 2.

4/ Tentative estimate.

Table 4.- Returns per $1.00 of feed cost, United States, September 15, 1950, with comparisons 1/

Item	1935-39 average	September 15, 1949	March 15, 1950	September 15, 1950
	Dollars	Dollars	Dollars	Dollars
Eggs	1.72	2.16	1.33	1.56
Chickens	1.84	1.56	1.75	1.47
Milk	1.92	1.95	1.82	1.89
Butterfat	1.55	1.42	1.42	1.37
Hogs	1.50	2.03	1.65	1.80
Beef	1.39	2.01	2.11	2.35
Sheep	1.44	1.57	1.67	1.92
	(Index numbers 1935-39 = 100)			
	Percent	Percent	Percent	Percent
Eggs	100	126	77	91
Chickens	100	85	95	80
Milkq	100	102	95	98
Butterfat	100	92	92	88
Hogs	100	135	110	120
Beef	100	145	152	169
Sheep	100	109	116	133

1/ The following quantities of feed were used in calculating feed cost: 7 pounds of poultry ration per dozen eggs; 4½ pounds of poultry ration per pound of chicken; 7½ bushels of corn plus 20 pounds of soybean meal per 100 pounds of hogs; 30 pounds of concentrate ration fed to milk cows in milk selling areas plus the value of 110 pounds of hay, per 100 pounds of milk; 7½ pounds of concentrate ration fed to milk cows in cream selling areas plus the value of 27.5 pounds of hay in Minnesota and Iowa, per pound of butterfat; 3 bushels of corn plus 600 pounds of hay per 100 pounds of beef cattle; 2 bushels of corn plus 1,500 pounds of hay per 100 pounds of sheep and lamb. It was assumed that for each 100 pounds of sheep and lamb produced 20 pounds of wool was produced from the same feed. The quantity of hay for milk cows, beef cattle and sheep includes an allowance for silage and pasture. It was assumed that the feed nutrients from pasture would cost 1/4 as much per pound as they would if obtained from hay.

Table 5.- Average prices of feeds in the United States, September 15, 1950 with comparisons

Item	Unit	September 15, 1949	March 15, 1950	September 15, 1950
Prices received by farmers				
Corn	Bushels	$ 1.16	$ 1.19	$ 1.44
Oats	do.	.61	.72	.73
Barley	do.	1.05	1.10	1.14
Sorghum grain	Cwt.	1.80	1.93	1.77
Hay, baled	Ton	21.00	21.20	20.30
Fed grains and hay, Index number (1935-39 = 100)		175	183	204
Prices paid by farmers				
Mixed dairy feed 16%	Cwt.	3.43	3.41	3.64
Laying mash	do.	4.53	4.34	4.60
Cottonseed meal	do.	3.90	3.74	4.35
Soybean meal	do.	5.16	4.11	4.44
Linseed meal	do.	4.08	4.26	4.34
Meat scrap	do.	7.14	6.15	6.75
Bran	do.	2.84	2.86	3.08
Middlings	do.	3.06	3.00	3.28
Alfalfa hay, baled	Ton	30.40	31.80	29.60
Prices paid by farmers for feed, Index number (1935-39 = 100)		202	190	213
Average value of concentrate ration fed to poultry and milk cows 1/				
Fed to poultry	Cwt.	3.46	3.40	3.68
Fed to milk cows in milk selling areas	do.	3.01	3.04	3.21
Fed to milk cows in cream selling areas	do.	2.59	2.65	2.84

1/ Value of the corn, oats, oil meal, milk feed, commercial mixed feed, etc. making up 100 pounds of "grain" ration.

levels. Although corn is one-fourth higher in price than a year ago, the average costs of poultry and dairy rations are less than 10 percent higher than in September 1949 (table 5). Soybean meal and meat scrap are much lower in price than a year ago. Cottonseed meal, however, is considerably higher, especially in the South Central States. This will affect feed costs of dairy and beef cattle in the South and Southwest.

Prices of mixed dairy feeds are considerably higher than a year ago in the South but poultry mashes show less increase. Meat scrap prices are lower than a year earlier especially in the South and West. However, they are still higher than average compared with soybean meal. The increased use of synthetic vitamin B_{12} in poultry and hog feeds will tend to cause tankage, meat scrap and fish meal to be priced more in line with soybean meal, taking into account the difference in protein content.

Even though there is a large supply of corn, it will pay to feed meat animals enough protein to balance the ration. Quicker gains, better finished animals and less grain per pound of gain usually result from feeding a reasonably well-balanced ration. It probably will pay to feed hogs to moderately heavy weights this winter because prices of pork and lard are expected to hold up well. Prices of pork and lard are higher now than a year ago, but probably will show their usual seasonal decline this fall. It will pay to feed dairy cows in milk selling areas about as heavy as last year. It has not been profitable in the cream selling areas to feed cows a heavy grain ration in 1950, and it will be even less profitable in 1951. Thee relatively low price of milk in areas where butterfat is the principal outlet and the high price of veal calves suggests that it may be profitable for some farmers in these areas to partly fatten dairy calves for veal on whole milk.

Egg production is now less profitable than a year ago and may become still less profitable. The commercial producer, however, cannot reduce his costs per dozen by feeding less per head, or by feeding lower quality feed because either of these practices probably will reduce egg production per hen more than it reduces cost. The egg producer does not have the flexibility in rate of feeding that is available to most other livestock producers.

Prices of feeder cattle have been considerably higher this fall than a year ago, and prices of fat cattle in 1951 are not expected to be much higher than in 1950. As a result, profits from this season's operations will depend more than usual on good feeding practices.

Seeds

The costs of grass and legume are expected to be lower this fall and next spring than during the past season. Total supplies are now considerably larger than a year earlier. A few seeds will cost more but retail prices of the important field seeds averaged 4 percent lower in mid-September than a year earlier.

Prices of some seeds are much lower than last fall. At that time the retail price of timothy seed was at the record high level of 28.8 cents a pound following the short 1949 crop. Production of timothy seed was 60 percent higher in 1950 than in 1949 and as a result the retail price is now about 30 percent lower than a year ago.

Prices of cover crop seeds, particularly the vetches and blue lupine, are down sharply. Aggregate production of all cover crop seeds in 1950 was 2½ times as large as last year and 3 times the 1944-48 average.

Larger supplies of smooth brome, crested wheat grass and common ryegrass also are reflected in lower prices this fall. Supplies of ladino clover seed are at a new high level. More than twice as much ladino clover seed was harvested in 1950 as in any previous year.

The 1950 production of sweet clover seed is expected to be the largest in 11 years while supplies of red-clover seed, including the crop expected to be harvested this year, are 48 percent larger than in 1949 and 18 percent larger than the 1939-48 average.

Among the field seeds for which costs are higher now than a year ago are alsike and white clover, Kentucky bluegrass, orchard grass and seed grains. Current supplies of alsike-clover seed are 5 percent smaller than the 1939-48 average. Some farmers who normally produce white-clover seed grew ladino clover this year. This largely accounts for the changes in supplies of these two seeds.

Changes in market prices of seeds do not explain all of the changes in expenditures for seeds. For years there has been a trend toward the use of purchased seeds and away from the use of homegrown seeds. The farmer who plants hybrid seed corn may have a total cash outlay of upwards of $100 for seed corn. Formerly there was little or no direct cash outlay. The substitution of certified seed for homegrown seed might increase the cost of raising an acre of potatoes by as much as $25 or more. A bushel of certified seed wheat, oats or barley often costs twice as much as the price of a bushel of grain harvested from that seed. The difference is even greater in the case of cotton seed.

In many situations it pays well to buy seed rather than plant seed grown on the farm, but the additional cost is a factor tending to increase total expenditure.

Fertilizer

In contrast with the index of prices paid for all goods and services used in production on farms, the price of fertilizer during the spring and fall seasons of 1950 was slightly lower than for the same periods in 1949. Despite somewhat higher prices for fertilizer next year, higher prices for farm products during 1951 are expected to make it profitable for farmers to increase the use of fertilizers at a more rapid rate than they have during the past few years. Even under less favorable relationships between prices of farm products and fertilizers, farmers ordinarily have used less fertilizer than would have been most profitable. Some of the intensively grown fruits and vegetables are adequately fertilized.

The quantity of plant nutrients in fertilizers available for use by farmers during the 1949-50 crop season was about 3 times the 1935-39 average. The use of fertilizer has risen steadily since the depression years. No doubt most of the increase in tonnage used is accounted for by use on additional land rather than by increased rates per acre, although the latter has been an important factor. Quantities of nitrogen and phosphoric acid used as fertilizer are now about 3 times the amounts used in 1935-39. The use of potash as fertilizer has increased slightly more; approximately 3.1 times the 1935-39 average.

Plant capacity for production of nitrogen is sufficient to furnish 15 percent more than was available for use as fertilizer last year and also to take care of presently estimated non-agricultural demands. Approximately one million tons were available for fertilizer use last year.

There is installed capacity within the industry to produce approximately 2.8 million tons of available phosphoric acid. A little more than 2 million tons were available for use as fertilizer last year. Probably the only immediate problem in the way of full scale production of superphosphates is the lack of adequate supplies of sulfuric acid.

Present capacity for potash production in this country is about 1.2 million tons. This is only about 100,000 tons greater than was used as fertilizer last year. But it is expected that during 1950-51 a considerable tonnage of French and Spanish potash will be imported, plus additional tonnage from Western Germany.

The use of commercial plant nutrients has increased at an average rate of about 10 percent per year for the past several years. With continued favorable farm-product-fertilizer price relationships, a larger increase might be expected for 1951 if supplies were available. Current prospects regarding available supplies would mean a fertilizer consumption of 4.6 million tons of plant nutrients in 1951 compared with 4.2 million tons in 1950, or an increase of 10 percent. Estimates of desirable applications on cropland and pasture indicate that much more than a 10 percent increase could be used profitably.

Not only is there room for profitable expansion in use on additional acres, but current rates of application per acre on food and feed grain crops and on hay and pasture are generally well below the rates that would be most profitable. Although the percentage of the acreage of different crops receiving applications has increased during the past several years, considerably less than one-fourth of the total cropland is fertilized with these materials. Less than 4 percent of the pasture land in the humid regions receives fertilizer applications currently.

Estimates of desirable production adjustments and practices, developed in 1944 in cooperation with State agricultural committees, indicated that under conditions of agricultural prosperity it would be profitable to apply fertilizers on 40 percent of the cropland, and on about 35 percent of the pasture land in the humid regions. If the rate of application per acre were increased one-third (except for cotton, vegetables, potatoes and tobacco) such applications would require about 30 million tons of fertilizer containing nearly 6 1/3 million tons of plant nutrients. Such a level of use would represent an increase of 50 percent over total quantities used last year. The use of nitrogen, phosphoric acid and potash would be 1.5, 3.2, and 1.6 million tons, respectively. Last year farmers used 1.0, 2.1, and 1.1 million tons of these three plant nutrients in the order named above or a total of 4.2 million tons.

Recent results of fertilizer use on some crops, notably corn, indicate that rates most generally used are much lower than would be profitable. Recent surveys indicate that farmers who fertilize corn apply about 185 pounds per acre. More fertilizer is used on corn than on any other crop. Nearly one-fourth of all fertilizer is used on this crop. If rates per acre on corn were increased one-third, which would appear conservative enough in view of experimental results, it would increase the use of fertilizer approximately one million tons.

Building Materials, Supplies and Containers

Prices of building materials, supplies and containers have increased in 1950 as compared with 1949. These higher prices are the result of the record high level of building and increasing level of business activity in most lines. Meanwhile plant capacity and shipments of most of these items also have continued to increase. No new and severe shortages appear likely for 1951 unless the defense program is stepped up a great deal more than expected.

Lumber production in 1949 was almost 7 percent lower than in 1948, but 1950 production probably will be 3 percent higher than in 1948, or 10 percent higher than in 1949. This rate of production seems likely to continue during 1951 unless military needs for men cause a labor shortage in the lumbering industry. There has been no significant change in mill or dealers' stocks the past two years. Prices continued to rise substantially in 1950 to an all time high in August, with little decline since. The volume of lumber supplies available for agricultural use will depend on the needs for lumber for military purposes, and the effect of revised governmental policy on residential housing construction. No substantial easing of supplies or decrease in lumber prices seems likely in 1951.

Total rated capacity of the steel industry has been increased about 4 percent over 1949 and production was much nearer capacity in the first half of 1950 than during the previous year. Shipments have likewise continued to increase. Supplies of wire products probably will be adequate, but the supply of galvanized sheets will continue to be short.

Prices of some steel products have continued steady but others have increased slightly. Prices of all steel products may increase further in the near future. Any great increase in needs for the defense program would also accelerate the trend to higher prices and might cause actual shortages of some items.

During the first 9 months of 1950 aluminum production continued to increase over a year earlier. There has been no appreciable change in price. Some forward buying after fighting started in Korea caused shortages in some areas. As military needs increase less aluminum will be available for farm needs.

The present situation in the cement industry is much like that in the steel industry. Capacity and shipments have increased. At the same time production costs and prices have increased steadily. By 1951 there should be no difficulty obtaining needed cement, but prices probably will be higher.

Wooden container supplies seem adequate to meet reasonable demands and no change in price is expected. Any shortage would likely be the result of a more basic lack of sufficient lumber production, rather than a lack of plant capacity in the container industry. Short crops in 1950 of peaches, strawberries, etc., have resulted in a carryover of veneer baskets, hampers, and packages which is larger than usual.

Two classes of containers seem likely to be in short supply. Transparent wrappings, such as cellophane and pliofilm, may be in short supply because the raw materials are allocated to other uses in the defense program. Jute stocks in Calcutta June 30, 1950 were less than 40 percent as much as for the previous two years. As a result, it is almost certain that the price of burlap will continue high, and shortages may develop. Some of this shortage can be taken up by other textile bags and paper bags at slight increases in prices for them.

Production of paper and paperboard has been at a high rate in 1950. Supplies of paper bags and other paper containers are expected to be adequate for all agricultural needs in 1951.

Insecticides and Fungicides

Some increase is expected in prices of insecticides and fungicides during the 1951 season. This will reflect increased cost of labor, transportation and packaging, and higher costs of raw materials. Prices are expected to be reasonably well stabilized by the beginning of the 1951 season and probably will change little after that for the remainder of the season.

The carryover of insecticides and fungicides on September 30, 1950 was the lowest in the past 3 years. Carryover was about normal in the Northern Plains and western Corn Belt States, but was very low in the southeastern and New England States. Carryover of arsenicals and pyrethrins were low in most areas.

Supplies of raw materials are low, particularly benzene and chlorine used in making DDT, benzene hexachloride, methoxychlor, various forms of 2,4-D, and certain fumigants. They probably will continue to be in short supply throughout the 1951 season. Special efforts are being made by the industry and associated groups to increase the production of these materials and to make them available for use in agricultural pesticides. But even so, the quantity that will be available next season probably will be less than the amount used during the 1950 season. Supplies of raw materials used in arsenicals and sulphur and copper compounds used in manufacturing fungicides are about normal.

Insecticides containing rotenone, Ryania and nicotine are expected to be available in adequate amounts. However, those insecticides containing pyrethrins may be scarce. Sufficient fungicides probably will be available to meet essential needs.

In view of the low stocks, particularly of insecticides in the Southeast, and the expected increase in cotton acreage for 1951, supplies of the preferred insecticides may be insufficient to meet the needs in that area. In planning their pest control program, farmers should not depend too heavily upon specific kinds of materials likely to be in short supply. This is especially true of insecticides containing benzene and chlorine. Other effective materials, such as arsenicals, will be available and can be used in place of the newer type insecticides.

Farm Land Values and Rentals

Land values are expected to show continued strength during the coming year. Average values for the country as a whole are now probably around 5 percent higher than last March, and a further increase of about the same amount is expected by next March. This increase would bring the U. S. average value to a level somewhat above the previous record peak reached in November 1948 when U. S. land values were 177 percent of the 1912-14 average and 213 percent of the 1935-39 average. The outlook for higher farm incomes in 1950-51, together with inflation hedge purchases is likely to result in continued strong demand for land. Net rental returns from farm land during the coming year are expected to continue favorable as compared with alternative investment opportunities.

Land values began to rise moderately in early 1950 as a result of farm incomes apparently stabilizing at higher levels than many prospective buyers and sellers had expected. The United States index of values rose about 1 percent from November 1949 to March 1950. Land values continued to rise during the following 4 months in response to high levels of economic activity and generally rising prices for farm products. By July 1950, land values were up 2 percent from March and had returned to the level of a year earlier.

The Korean developments gave further impetus to strengthening of the land market. The largest increases in land values since July 1950 have been in the Corn Belt and Great Plains States, where recent developments have increased income expectations.

The number of farm transfers during the current year probably will continue at approximately the same rate or slightly lower for the 12 months ending last March, when the volume of voluntary sales was about midway between the prewar average and the 1946-47 peak. Voluntary sales for the 12 months ending in March 1950 were at the rate of 37 sales per 1,000 farms, a level about 9 percent below the previous year. The increased demand for farms by investors and farmers will be largely offset by the hesitancy of most present owners to sell even at slightly higher prices. Many farm real estate dealers report that the number of farm listings for sale is quite limited. Some reports indicate that the number of listings has decreased since the conflict in Korea began. Forced sales and foreclosures continue to be negligible in importance and the transfers by gift and inheritance continue at a relatively stable rate.

Preliminary indications from a survey of farm real estate dealers and others this October give a clue to recent trends in prices of real estate. About one-third of the dealers reported that prices this October were higher than in March, three-fifths reported prices the same and less than one-tenth reported lower prices in October than in March. Geographically, the proportion of dealers reporting increases in land price was highest (over two-fifths) in the Midwest and lowest (one-fifth) in the Northeastern States. Roughly one-fourth of the dealers in the Western States reported increases in prices and one-tenth reported prices to be lower now than in March.

In response to the question "What changes, if any, do you expect in selling prices of farm land during the next six months" dealers' replies indicated that less than one-third expected land prices to increase, three-fifths expected little change and 10 percent expected land prices to fall. The highest proportion of dealers who expected an increase was in the North Central and Great Plains areas where about one-third of those replying expected increases in land prices. In the Western States, one-fourth of the dealers expected prices of land to rise, over two-thirds expected little change and about one-tenth expected some decrease in land values.

Lending agencies have been following a relatively conservative policy in financing farm purchases. For the year ending last March, farm real estate dealers reported that about 40 percent of the purchasers of farms paid cash, or at least the transaction did not involve a real estate mortgage. When purchase financing involved a mortgage, down payments averaged between 45 and 50 percent of the purchase price. Dealers report that the relatively conservative lending practices of the major lenders continue to have a moderating influence on sales prices and the volume of farm transfers. Although there may be some tendency toward more credit financing, no substantial change in this direction is expected in 1950-51.

Interest, Taxes, and Insurance

Interest payments - Interest charges on the total farm debt will again increase in 1951. In the fall of 1950 interest charges on non-real-estate farm debt are at the highest level in about two decades. This relatively high level probably will continue into 1951.

Interest charges paid by farm owners on their farm-mortgage debt are expected to be about 7 percent higher in 1950 than they were in 1949. Nearly all of this increase is due to an increase in the amount of the farm-mortgage debt. The average interest rate has not changed during this period. There are some indications that the mortgage debt may increase more during the last half of 1950 than during this period in recent years.

Interest charges on non-real-estate farm debt in mid-1950 as reflected in the amount of such debt owed to commercial banks and federally sponsored agencies, were more than 80 percent higher than at the war's end in 1945. During this period, the Corn Belt States all had increases of over 100 percent, ranging from 107 percent in Iowa to 143 percent in Ohio. Non-real-estate debt also was more than double in the Middle Atlantic States, Michigan, Wisconsin, and a few scattered States in the remainder of the United States. In North Dakota and South Dakota the net change in debt between 1945 and 1950 was small. Liquidation of old emergency crop and feed loans and other loans of the Farmers Home Administration carried over from the drought and depression days about offset the new debt incurred from banks and production credit associations. The increase of 58 percent in New England was the smallest for any region.

Non-real-estate farm loans of the major lending institutions increased about 5 percent during the year ended June 30, 1950. This was a much smaller increase than prevailed during the first 3 postwar years. Declines occurred in the West South Central and Pacific regions and in 13 other States. Debt increases of 10 percent or more were recorded during the year ended June 30, 1950 in the East and West North Central regions.

Non-real-estate farm debt has risen sharply since June, largely as a result of the Korean war. Demand for credit for consumer purchases, already high, has been greatly accelerated. Also, fear of shortages and the favorable prospects for agricultural prices have stimulated the use of credit for capital goods expenditures. Many of these recent expenditures have been made at higher prices. In the Midwest advancing prices and heavy purchases of feeder cattle have contributed to the credit expansion.

No significant changes have occurred recently in interest rates of individual lenders. It is possible, however, that during the recent boom in consumer credit there may have been an increase in the proportion of borrowers who have obtained credit from the high-rate lenders such as sales finance companies. Nevertheless the volume of non-real-estate debt continues to be the main factor affecting the amount of interest paid by farmers on such debt.

Taxes - Taxes levied by State and local governments against farm property in 1949, and payable largely in 1950, reached an all time high level. They are expected to increase further in 1950 and will be reflected in payments made largely in 1951. Farm real estate levies in 1949 are estimated to have totaled 699 million dollars and those on farm personal property 124 million dollars. The combined total of 823 million dollars compares with 766 million in 1948, 705 million in 1947, and a previous high of 641 million in 1929.

Taxes levied on farm real estate when expressed as a per acre figure, as they are for parity purposes, amounted to $.61 in 1949. This is well above the average of $.57 reported for 1948 and the previous high of $.58 in 1928 and 1929. They had been as low as $.36 in 1943. Taxes per acre in 1949 were higher than they have ever been in 25 States, and were as high in 5 others, but in 9 States they were 75 percent or less of their previous highest points. With few exceptions, the States in which governmental units now levy substantially lower property taxes than they did during their peak years are among those that have adopted either income taxes or sales taxes as supplementary sources of revenue.

The highest per acre taxes levied on farm real estate in 1949 were in the New England, Middle Atlantic, and East North Central regions. Generally speaking, the lowest taxes were those levied in the Mountain and Southern States. In 8 of these States the per acre levy in 1949 was less than $.25, with New Mexico which has large acreages of low value range land having a low of about $.07.

The index of taxes levied per acre for the country as a whole in 1949 was 296 (1909-13=100), nearly three times the base period. For 1948 the index was 275 and at the previous peak in 1929 it was 281. For all of the New England States and for 9 others scattered throughout the country, the index shows that taxes levied in 1949 were at least four times what they were in the base period.

The higher property tax levies in recent years have been made necessary largely by the general increase in costs of operating local governments, particularly salaries and wages, materials and supplies. The expansion of existing facilities and, to some extent, the addition of new services also have been influential in the generally sharp rise in taxes. Schools have been the biggest item in most governmental programs for expanding facilities but roads have been taking a significant share of the tax dollar of State and local governments. Despite higher incomes and employment, welfare costs also have continued to rise and a few States are providing a bonus for veterans of World War II through property taxation. These high expenditures are being met by increasing property tax rates, raising the level of assessments, and adding new properties to the tax rolls.

In addition to those on property, farmers pay other taxes either directly or indirectly. Only a few of these, however, can be readily measured. Farmers pay considerable amounts in automotive taxes either for licenses and permits or as an excise tax on motor fuel purchased. Preliminary estimates for 1949 indicate that such tax payments may have exceeded 350 million dollars. Data on sales and excise taxes paid by farmers other than on motor fuels are not available. But generally speaking, these also have been increasing in recent years.

During recent years, farmers' income taxes have become particularly important. These, of course, are not a part of operating costs, but they do reduce disposable income of many farmers, and they may impair the farmer's liquid asset position. It is estimated that in 1950 farmers will pay 675 million dollars in Federal income taxes on income earned in 1949. This is somewhat less than the amount paid in 1949 and substantially less than those paid in the peak year 1948.

Higher Federal income tax rates became effective October 1, 1950. Economic conditions in agriculture improved noticeably during the latter half of the year; nevertheless tentative estimates indicate that Federal income tax payments of farmers will continue downward in 1951. Estimates of State income taxes paid by farmers are not available.

Insurance - Farmers' insurance premiums for fire and windstorm insurance probably will be higher in 1950 and 1951 than in 1949, not because of any appreciable increases in rates but because farmers have tended to increase their insurance to more adequately cover property values. Insurance held by farm mutual companies, for example, has increased for many years. However, the recent increases have been at a decreasing rate - somewhat paralleling the leveling off in property values. The increase in insurance of mutual companies amounted to about 9 percent in 1949, compared with 12 percent in 1948.

Losses of farmers paid from insurance carried with the farm mutuals decreased in 1949 for the first time since 1942, and amounted to about 14 cents per $100 of insurance, compared with 17.4 cents in 1948. By areas, losses paid in 1949 were higher, in proportion to insurance carried, in the Southwest and Northeast than in the Southeast and Northwest.

Windstorm losses of farm mutuals were particuarly heavy in 1950 in certain Midwestern States including Iowa, Missouri, Wisconsin, Illinois and Michigan, and parts of Colorado and Nebraska. For example, a farm company that carries a large proportion of the windstorm business in Iowa paid out more for windstorm claims in 1950 than in any other year during the preceding 60 years.

Premiums paid by farmers in 1950 for hail insurance on growing crops amounted to about 10 percent less than they did in 1949, due chiefly to smaller amounts of the insurance being carried by farmers. More farmers buy crop-hail insurance and they buy more of it in years when crop prospects are good than in years when crop prospects are poor. Drought and insects caused crops to be particularly poor this year in Texas, Oklahoma and Southwest Kansas, where considerable amounts of crop-hail insurance are usually taken. Losses on crop-hail policies were particularly heavy this year in Arizona, on cotton in Texas, and on tobacco in North Carolina.

Federal crop insurance was offered in 1950 on wheat in 283 counties; on cotton in 80 counties; flax, 63 counties; corn, 73; tobacco, 52; dry edible beans, 18; and on multiple crops, in 55 counties. Participation in the insurance program increased from an average of 419 insured farmers per eligible county in 1949 to 496 in 1950. The Federal Crop Insurance Corporation collected more in premiums than it paid out as indemnities to farmers during the 3-year period 1947-49.

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